



# Business Taxpayer Burden Survey



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## IRS Business Taxpayer Burden Survey

The purpose of this survey is to provide Congress and the President with accurate estimates of the costs incurred by business taxpayers in complying with federal tax rules and regulations as well as to inform tax administrators and policy makers regarding opportunities to reduce and otherwise manage these costs. Please be assured that you will not be asked about the income or other financial details of your business' tax return.

This questionnaire relates to the activities associated with the preparation and filing of your 2009 federal income tax return and any other tax returns (i.e., employment, excise, information returns, state and local, etc.) filed for the same period. This includes any filings completed in the 12 months leading up to the filing of your business' 2009 federal income tax return.

The individual most responsible for maintaining the financial records for your business or making the financial and tax-related decisions for your business should complete this questionnaire. You may need to consult with others in your organization to complete the survey and we encourage you to do so.

This survey includes questions regarding the following content areas:

- Tax Preparation Methods and Activities
- Tax-related Recordkeeping
- Gathering Materials, Learning About Tax Law, and Using IRS Taxpayer Services
- Tax Form Completion
- Tax Department Personnel and Budget
- Time Associated with Tax Compliance
- Allocation of Time Burden Across Tax Compliance Activities
- Allocation of Time Burden Across Type of Employee
- Fees Associated with Tax Compliance
- Demographics

Please be assured that your responses will be **used for research and aggregate reporting purposes only and will not be used for other non-statistical or non-research purposes such as direct enforcement activities**. If you have questions about the content of this survey or how to complete a web version of the survey, please call Josh Rubin at 1-888-221-3394 or send an email to: [IRS-BTB@westat.com](mailto:IRS-BTB@westat.com). If you would like to speak to someone at IRS, please call the IRS Communications & Liaison office at 202-283-8574.

OMB No: 1545-1432. Expiration Date: 01/31/2013. This report is authorized under the Paperwork Reduction Act. Data collected will be shared with IRS staff, but your responses will be **used for research and aggregate reporting purposes only and will not be used for other non-statistical or non-research purposes such as direct enforcement activities**. The information that you provide will be protected to the fullest extent allowable under the Freedom of Information Act (FOIA). Public reporting burden for this collection of information is estimated to average 15 to 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to IRS Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Avenue, NW, Washington, DC 20224.



## TAX PREPARATION METHODS AND ACTIVITIES

This part of the survey collects general information about your business. Please answer all questions with reference to the most recent tax return year. The most recent tax year includes the 12 months leading up to the filing of your business' most recent federal income tax return.

1. Which of the following methods did your business use to prepare its most recent federal income tax return? Include activities done by external service providers. **Check all that apply.**

**Did your business use...**

- A tax preparation service?  
 A tax advisory service?  
 Accounting and/or financial software?  
 Tax preparation software? (e.g., Turbo Tax, Tax Cut, H&R Block At Home, InSource, CORPTAX, custom software)  
 Employees of your business?  
 Paper or pdf version of the IRS tax forms?  
 Any other methods(s)? Please specify:

2. In addition to preparation of your business' federal income tax return, which of the following activities did your business engage in (as part of its internal operations rather than as services provided to clients) during the most recent tax year? Please check the corresponding box if the activity was performed by an employee of your business (including owners) and/or an external service provider. If both performed a particular activity, check both boxes for that activity.

Activity	Business Employee	External Service Provider	Not Applicable
A. Bookkeeping?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Payroll?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Employment tax (including filing and/or payment preparation)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Employee benefit (pension) plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. State and local tax (including sales and use tax)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Property tax?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Excise tax (i.e., special motor fuels, alcohol & tobacco products, air transportation)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Estimated income tax payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Individual income tax preparation for owners or partners of your business?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Legal (tax and business activities)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. Non-tax business consulting?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L. Other than the activities already mentioned, did you engage in any additional tax-related activities? If yes, please describe: <input style="width: 300px; height: 20px;" type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## TAX-RELATED RECORDKEEPING

Please think about your business' recordkeeping activities, specifically tax-related recordkeeping. **Tax-related recordkeeping** includes all the activities your business did to create, maintain, and store records needed to complete its federal, state and local tax returns. In this section we are going to discuss the records you maintain for federal, state and local tax purposes.

3. Which of the following statements describe the accounting or bookkeeping system your business used during the most recent tax year? Did your business...

Did your business...	Yes	No	Don't know
A. Use an off-the-shelf accounting and financial software system such as QuickBooks Pro, Peachtree Complete, MYOB Business Essentials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Use a customized, business-wide, software-based accounting system such as Oracle, Deltek Costpoint, SAP or a point of sale system?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Use general recordkeeping software products such as Microsoft Office, Lotus, Open Office, etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Maintain a hard-copy ledger to record business transactions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Did you use any other accounting or bookkeeping system during the most recent tax year? If yes, please specify: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## GATHERING MATERIALS, LEARNING ABOUT TAX LAW, AND USING IRS TAXPAYER SERVICES

Consider the tax related materials your business gathered and how your business learned about tax laws in order to complete its federal tax return and comply with federal tax obligations.

4. During the most recent tax year, did you or others at your business obtain forms, publications, or other materials from:

Source	Yes	No	Don't know
A. The IRS website?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. An IRS walk-in office?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. By ordering them from the IRS either via mail or telephone?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

During the most recent tax year, did you or others at your business...

Activity	Yes	No	Don't know
D. Review IRS tax forms and publications in preparation for completing your business' federal tax return or in deciding to hire an external paid professional?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Attend tax seminars to learn about federal tax issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Sometimes people contact the IRS for reasons other than obtaining forms and publications. During the most recent tax year, did you or others at your business (please exclude external service providers) interact with the IRS via any of the following channels for reasons OTHER than obtaining forms and publications? (Do not include form filing or making estimated payments.)

Activity	Yes	No	Don't know
F. Obtain e-file assistance from the IRS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Call the IRS Toll Free Tax Assistance Line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Go to an IRS walk-in site	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Use the IRS website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Correspond with the IRS via e-mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. Correspond with the IRS via regular mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### TAX FORM COMPLETION

5. Consider the amount of work that goes into the completion of a particular tax form. Who did the majority of the work for the tax forms listed below- an employee of your business or an external service provider? (Please select one option per form type.)

Form	Business Employee	External Service Provider	Not Applicable
A. Federal Income Tax?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. State & Local Tax?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Employment Tax?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Excise Tax?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. K-1s?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. W-2s?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Other information returns? (1099s, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



As mentioned earlier, the purpose of this survey is to provide Congress and the President with accurate estimates of the costs incurred by business taxpayers to comply with federal tax rules and regulations. For most businesses these costs are a combination of time spent and out-of-pocket expenses (e.g., fees paid to external service providers, software costs). In the remaining sections we will ask for estimates of these costs.

## TAX DEPARTMENT PERSONNEL AND BUDGET

6. Does your organization have a dedicated tax department? *Please note that this is not typical for smaller businesses. Do not include your external service provider.*

Yes ➔ Please go to questions 7-9 below

No ➔ Please go to question 10 on page 6

7. If you answered yes to question 6, how many full-time equivalents (FTEs) were dedicated to your business' tax department in the most recent tax year?

*Please note that an FTE is defined as the total number of hours worked divided by the standard number of hours worked per year. The standard number of hours worked per year is defined as 40 hours per week, 52 weeks per year, or 2,080 hours. For example, an employee that works 40 hours per week, 52 weeks per year is equal to one FTE, whereas an employee who works 20 hours per week, 52 weeks per year is equal to half an FTE.*

7a. How many FTEs were there?  ,  .   
 Don't Know

- 7b. What was the total annual budget for the tax department in the most recent tax year?

\$  ,  ,  Dollar amount of tax department annual budget

- 7c. What percentage of the amount stated in 7b was spent on federal tax compliance activities during the most recent tax year?

% Percent of annual budget spent on federal tax compliance activities

8. Please indicate what other departments in your business also contribute staff time to tax compliance activities. Do not include activities done by external service providers. **Check all that apply.**

IT department

Payroll

Comptroller

Human resources department

Subsidiary tax department

Any other departments? If yes, please specify:

None ➔ Please go to question 11



9. Please indicate in the table below how many FTEs (full-time equivalents) outside the tax department spent time on all tax compliance activities as well as what percent of that time, per department, was spent on federal tax compliance activities only.

Department	Number of FTEs outside the tax department who spent time on <u>all</u> tax compliance activities	<u>Percent</u> of total time spent by those FTEs on <u>federal</u> compliance activities only
A. IT department	<input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> %
B. Payroll	<input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> %
C. Comptroller	<input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> %
D. Human resources department	<input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> %
E. Subsidiary tax department	<input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> %
F. Other departments	<input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> %

**GO TO QUESTION 11 ON PAGE 7**

## TIME ASSOCIATED WITH TAX COMPLIANCE

Please think about how much time your business spent to comply with its tax obligations. Consider time spent on recordkeeping, tax planning, gathering materials, learning about tax law, using IRS services, completing and submitting your federal tax return, and calculating and depositing payroll and estimated income tax payments.

10. If you answered no to question 6, how many employees in your business, including yourself, regularly perform tax compliance-related activities as part of their responsibilities?

10a. How many full-time employees?  ,   
 Don't Know

10b. How many part-time employees?  ,   
 Don't Know

10c. On average, what percentage of their time did those counted in questions 10a and 10b above spend on federal tax compliance activities?

Full-time Employees:  %

Part-time Employees:  %

10d. What were the average number of hours worked annually by part-time employees reported in 10b on all activities, not just tax-related activities? *Please base your answer on a 40-hour work week, 52 weeks per year.*

,  Average number of hours worked by part-time tax staff in most recent tax year





### ALLOCATION OF TIME BURDEN ACROSS TAX COMPLIANCE ACTIVITIES

11. Consider all of the time your business spent on tax compliance activities during the most recent tax year. How would you divide the total time spent by your employees on all the listed income tax related activities? Please do not include time spent by your external paid professional.

What percentage of the total time was spent on:

A. Tax recordkeeping?

 %

B. Tax planning?

 %

C. Gathering materials, learning about tax law, and using IRS taxpayer services?

 %

D. Calculating and depositing payroll and estimated income tax payments?

 %

E. Completing and submitting your federal returns?

 %

F. All other income tax related activities?

 %

Please specify

TOTAL = 100%

### ALLOCATION OF TIME BURDEN ACROSS TYPE OF EMPLOYEE

12. Consider all of the time your business spent only on tax compliance activities during the most recent tax year. How would you divide the total time spent on tax compliance activities spent by each type of employee listed below (e.g., owners do 50% of the work, managers do the other 50%)? Please do not include time spent by your external paid professional.

What percentage of the total time was spent by:

A. Owner(s)?

 %

B. Executives, professionals, or managers?

 %

C. Clerical or administrative staff?

 %

D. Other types of employees?

 %

Please specify

TOTAL = 100%



## FEES ASSOCIATED WITH TAX COMPLIANCE

Please think about how much money your business spent to comply with its tax obligations. Costs associated with tax compliance are a very important part of assessing burden, so please provide the most accurate estimate you can.

13a. How much did your business pay all external service providers for all tax and tax-related services received during the most recent tax year?

\$    ,    ,

Don't Know

13b. How much of the amount entered in question 13a above was spent exclusively on federal tax related activities, such as tax planning and tax return preparation?

\$    ,    ,

Don't Know

14a. How much money, if any, did your business spend during the most recent tax year on all tax-specific software? Include any costs your business may have incurred for annual maintenance and updates.

\$    ,    ,

Don't Know

14b. How much of the amount entered in question 14a was spent exclusively on federal tax-specific software? Include any costs your business may have incurred for annual maintenance and updates.

\$    ,    ,

Don't Know

15a. If applicable, how much money was spent on other business-related tax activities not included in questions 13 and 14 above for the most recent tax year? This may include money spent on electronic submission, photocopies, tax literature, transportation, or postage. Do not include money your business spent on its external paid professional, tax software, or employee compensation.

\$    ,    ,

Don't Know

- 15b. How much of the amount entered in question 15a was spent on other business-related tax activities exclusively for your business' most recent federal return? Do not include money your business spent on its external paid professional, tax software, or employee compensation.

\$    ,    ,

Don't Know

## DEMOGRAPHICS

Finally, we have a few questions about your business.

16. On average, how many full-time and part-time employees, if any, did your business have during the most recent tax year? Please include partners or owners, but do not include any independent contractors. (Independent contractors are workers not treated as employees for employment tax purposes.)

A. How many full-time employees?

,

Don't Know

B. How many part-time employees?

,

Don't Know

17. In how many states did your business file state income tax returns during the most recent tax year?

Number of states

Don't Know

18. Does your business have any branches, offices or subsidiaries in a foreign country?

Yes

No

Don't know

**THANK YOU FOR COMPLETING OUR SURVEY**



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